4/5/84
C3936-1

$5.00 APRIL 1984

# Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

## Ad Sales: Are You Ready?

Special interest magazines *can* sell national accounts
Creating persuasive sales presentations
Setting ad rates: The marketer's art

---

The Editor's Handbook: Concepts that shape editorial
How magazines handle rebilling production costs

APRIL 1984 VOL. 13 NO. 4

# Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

## UPDATE

### Management

ABP says criticism of Neal Award policies has no validity . . . Flynt halts publication of *The Rebel*, but reportedly will revive it. Page 5.

### Editorial

Editorial pages expand to match increases in advertising pages . . . *Family Circle* ceases bleed-page editorial, showcases advertising. Page 16.

### Circulation/Subscription

USPS permits mailers to commingle Zip + 4 mail . . . Lower postal deficit delays rate hikes. Page 28.

### Advertising Sales

'Advertorials' gain in share at *Fortune, Scientific American* . Page 39.

### Circulation/Single-copy

Walden bookstores are finding profits in magazine sales. Page 47.

### Magazine Watch

*World of Sport* debuts, being distributed by hotels and airlines. Page 52.

### Production Workshop

Rebilling production costs: When, how and whether to charge advertisers for work done to make ads ready for publication. Page 58.

### Behind the Lines

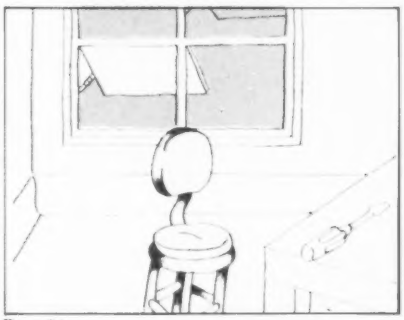
Time Inc. development: A greater commitment . . . *Ultrasport* ownership just the beginning for Raben. Page 64.

### Point of View

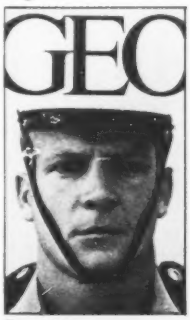
Microcomputers: Minimizing the risks By David H. Foster. Page 66.

## DEPARTMENTS

Pub Rep Directory.....40
Calendar.....60
Classified.....150
Publishers marketplace.....151

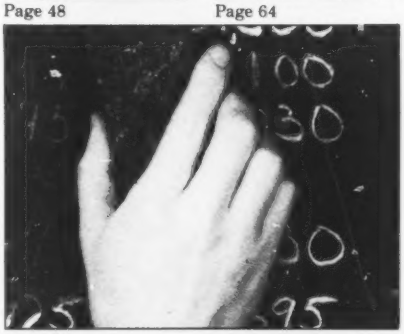


Page 24




Page 48

Page 64



Page 68

Page 76

## FEATURES

### Before you change ad rates . . .

By David Z. Orlow
Magazine advertising may be an intangible service, but advertising rate management should be based on hard facts. Page 68.

### Creating persuasive sales presentations

By Julie A. Laitin
A step-by-step explanation of how to conceptualize, structure and deliver an effective sales presentation. Page 76.

### Special interest magazines *can* sell national accounts: Part I

By Spencer H. Longshore III
Selling general interest, national accounts in a special interest magazine requires special preparation. The author outlines a four-stage process. Page 85.

### Editor's Handbook: Words that shape content

By Peter Jacobi
A magazine editor's job is to communicate with his audience. And communication that is based on certain editorial concepts is what is needed to get the job done. Page 92.

## COLUMNISTS

Eliot Schein on direct marketing: Sweepstakes mistakes.....102
Ira Ellenthal on sales/marketing management: Hearst's Tom Losee: .....104
William Abbott on marketing: Magazines in the media mix.....137
Bob Birnbaum on electronic publishing: Why consider videotex?.....140
John Peter on design: The leading edge:.....144
Jeffery Parnau on production: New equipment: Delivery and devaluation.....146

Cover design: Steve Phillips Design, Inc., illustration: Arnie Levin

supplements," Garretson says. "It would allow them to give their readers more service."

## Business magazines' annual growth rate over five years: 11%

*New York City*—Business magazine publishers experienced a compound annual revenue growth of 11 percent from 1978 to 1982, according to a recent study. Revenue growth slowed in 1982, rising just 4 percent, in what turned out to be a poor year for much of the business press.

These figures have been provided by Veronis, Suhler & Associates (VS&A), a New York investment banking firm. VS&A recently released its analysis of the financial performance of 152 companies in nine communications industry segments. (*For a report on VS&A consumer magazine findings see* FOLIO: *March 1984, page 12.*)

The business magazine segment includes trade journals, general business magazines, newsletters, trade shows and, to a small extent, electronic publishing activities. The information on business magazine performance is from nine companies that publicly report by lines of business.

Because of the limitations of working with public information, significant private business magazine publishers are left out—a point acknowledged in the report. Such publishers as Bill Communications, Crain Communications, International Data Group, Forbes, Reed Publishing, Holdings, Ltd. (Cahners) and Ziff Corporation are omitted. Other business magazine publishing companies are left out because their parent companies do not report by line of business—Technical, International Thomson and Chilton, for example.

Over the five-year period, revenues for the business magazines making information available increased from $512 million to $788 million. The 1982 average revenue per company was $88 million. As VS&A points out, revenues in the business magazine segment are dependent on the health of the industries they cover. Thus, even in 1982, a relatively poor year, magazines in the electronics/computer field enjoyed 15 to 30 percent increases in ad revenues.

The leader in business magazine revenues, by more than 250 percent, is McGraw-Hill, according to VS&A. McGraw-Hill (which includes *Business Week, Data Communications* and *Byte*, in addition to many other magazines and newsletters), had 1982 business magazine revenues of $345 million. Second and third in revenues were the business magazine division of Harcourt Brace Jovanovich and the Penton/IPC division of Pittway Corporation.

In terms of revenue growth, Cardiff leads the business magazine segment: Cardiff experienced a compound annual growth rate (CAGR) of 31 percent over the period 1978-1982, VS&A reports. The main reason for Cardiff's high percentage growth, the study points out, is its small size (in terms of revenue, it is the smallest company included), and its concentration of magazines in growing industries (*Cable Television Business, Satellite Communications* and *Computers in Healthcare*).

The recession deflected operating income more severely than it did revenues, the report concludes. Income managed only a 7 percent CAGR over the five-year period, ending with a 16.4 percent decline in 1982.

Though 1981 operating margins for business magazines were consistently strong—in the 14.4 to 15.2 percent range—according to VS&A, margins slumped 3 percentage points in 1982 to 12.2 percent.

Still, business magazines had better margins in 1982 than did consumer magazines, with 10 percent. In comparison with the communications industry as a whole, however, business magazines underperformed in growth of both revenues and income, according to VS&A.

## Business magazine publishing performance*

| Rank | Company | 1982 revenues |
|---|---|---|
| 1 | McGraw-Hill | $344.6 |
| 2 | Harcourt Brace Jovanovich | 128.8 |
| 3 | Pittway (Penton/IPC) | 107.8 |
| 4 | IMS International | 54.6 |
| 5 | Southam | 50.6 |
| 6 | Webb Company | 48.0 |
| 7 | Gralla Publications | 39.4 |
| 8 | Media Horizons | 8.1 |
| 9 | Cardiff Communications | 6.2 |
| | Business magazine total | $788.0 |
| | [2]Communications industry total | $44,607.3 |

| Rank | Company | 1982 operating margins |
|---|---|---|
| 1 | Gralla Publications | 17% |
| 2 | McGraw-Hill | 16 |
| 3 | Pittway (Penton/IPC) | 11 |
| 4 | Webb Company | 10 |
| 5 | IMS International | 10 |
| 6 | Cardiff Communications | 10 |
| 7 | Southam | 8 |
| 8 | Harcourt Brace Jovanovich | 7 |
| 9 | Media Horizons | —4 |
| | Business magazine average | 12% |
| | [2]Communications industry average | 14% |

| Rank | Company | 1982 operating income |
|---|---|---|
| 1 | McGraw-Hill | $54.7 |
| 2 | Pittway (Penton/IPC) | 11.4 |
| 3 | Harcourt Brace Jovanovich | 9.2 |
| 4 | Gralla Publications | 6.6 |
| 5 | IMS International | 5.3 |
| 6 | Webb Company | 4.8 |
| 7 | Southam | 3.9 |
| 8 | Cardiff Communications | —0.6 |
| 9 | Media Horizons | —0.3 |
| | Business magazine total | $96.2 |
| | [2]Communications industry total | $6,404.6 |

| Rank | Company | 1978-1982 revenues CAGR[1] |
|---|---|---|
| 1 | Cardiff Communications | 31% |
| 2 | IMS International | 21 |
| 3 | Gralla | 19 |
| 4 | Media Horizons | 18 |
| 5 | Webb Company | 17 |
| 6 | Southam | 13 |
| 7 | Harcourt Brace Jovanovich | 10 |
| 8 | McGraw-Hill | 10 |
| 9 | Pittway (Penton/IPC) | 6 |
| | Business magazine average | 11% |
| | [2]Communications industry average | 15% |

*Represents the business magazine publishing segment of these companies.
1 Compound annual growth rate
2 Represents nine business areas: radio and television broadcasting; cable and pay television; business magazine publishing; business information services; newspaper publishing; book publishing; consumer magazine publishing; entertainment programming and distribution; and advertising agencies.
SOURCE: VERONIS, SUHLER & ASSOCIATES INC.

## *Commuter Express* aimed at upscale New York train riders

*New York City*—When Frances Freeman-Dorf used to take the train to her job in the promotion department at *Esquire*, she "was always looking for something to read." Now there is a magazine—and Freeman-Dorf publishes it.

On April 2, Freeman-Dorf and a number of private backers launched *Commuter Express*, a twice-a-month magazine for commuters on Metro North trains, which serve the New York and Connecticut suburbs to the north of New York City. About 100,000 copies of the tabloid are dis-

## 73% of ordinary second class publications delivered late

### Publication delivery box score: Ordinary second class and controlled circulation publications October-December 1983

| City | Better than USPS service standard | Service standard | 1-3 days late | 4-6 days late | 7-10 days late | Later |
|---|---|---|---|---|---|---|
| **Composite average*** | **15** | **12** | **33** | **23** | **9** | **8** |
| Boston (Area 021) | 16 | 14 | 30 | 14 | 24 | 2 |
| Boston (Area 022) | 0 | 50 | 25 | 25 | 0 | 0 |
| New York | 6 | 8 | 30 | 28 | 19 | 9 |
| Buffalo | 18 | 7 | 32 | 36 | 0 | 7 |
| Pittsburgh | 11 | 14 | 40 | 21 | 7 | 7 |
| Philadelphia | 6 | 5 | 16 | 35 | 27 | 11 |
| Washington, D.C. | 27 | 19 | 21 | 14 | 14 | 5 |
| Atlanta | 17 | 15 | 29 | 24 | 10 | 5 |
| Miami | 39 | 18 | 29 | 8 | 4 | 2 |
| Memphis | 23 | 12 | 42 | 19 | 4 | 0 |
| Cincinnati | 23 | 21 | 28 | 15 | 9 | 4 |
| Detroit | 12 | 12 | 44 | 8 | 12 | 12 |
| Milwaukee | 2 | 14 | 38 | 27 | 16 | 3 |
| Minneapolis | 8 | 15 | 59 | 11 | 7 | 0 |
| Chicago | 12 | 10 | 48 | 20 | 8 | 2 |
| New Orleans | 26 | 21 | 21 | 21 | 11 | 0 |
| Dallas | 44 | 16 | 24 | 5 | 4 | 7 |
| Houston | 25 | 18 | 40 | 4 | 2 | 11 |
| Denver | 13 | 11 | 36 | 21 | 15 | 4 |
| Salt Lake City | 0 | 10 | 24 | 24 | 24 | 18 |
| Los Angeles | 15 | 13 | 38 | 15 | 14 | 5 |
| San Francisco | 27 | 24 | 27 | 9 | 11 | 2 |
| Seattle | 27 | 20 | 35 | 14 | 4 | 0 |

*Including other U.S. cities and SCFs not listed
Source: Red Tag News Publications Association, Inc.

Service improved by 4 percentage points overall for ordinary second class publications in the fourth quarter of 1983 compared with the third quarter. For all cities monitored, the combined percentage of publications that were delivered on time (service standard) or sooner (better than service standard) was 27 percent in last year's fourth quarter, compared with 23 percent during the third quarter.

Service was 4 percentage points worse in the fourth quarter, however, compared with the same quarter during 1982, when 31 percent of ordinary second class publications were delivered on time or sooner.

Sixteen out of the 23 delivery areas listed here experienced improved service in the fourth quarter compared with the third quarter. The biggest improvement in on-time or sooner service was shown in New Orleans, where 47 percent of publications were delivered on time or sooner in the fourth quarter versus 10 percent in the third quarter. The best combined on-time or sooner delivery service occurred in Dallas (60 percent) and Miami (57 percent). Miami, however, registered a service decline from the third quarter, when 63 percent of publications had on-time or sooner delivery.

The poorest delivery record occurred in Salt Lake City, where only 10 percent of publications were delivered on time or sooner, compared with 13 percent during the third quarter. Of the three cities that registered the poorest delivery service during the third quarter, all have improved, although by varying degrees: Pittsburgh (25 percent versus 9 percent), Chicago (22 percent versus 9 percent) and Philadelphia (11 percent versus 9 percent). The city showing the worst decline in service between the two quarters is Minneapolis (23 percent delivered on time or sooner in the fourth quarter versus 50 percent in the third quarter).

A comparison of the fourth quarter of 1983 with the fourth quarter a year earlier shows that several cities showed large declines in the percentage of publications delivered on time or sooner: Buffalo (25 percent versus 74 percent), Minneapolis (23 percent versus 58 percent), Chicago (22 percent versus 53 percent) and New York City (14 percent versus 41 percent). Only one city showed a marked improvement between these two quarters: New Orleans (47 percent versus 22 percent).

ond-class postage rates," Fahy notes. He said the average cost for direct mail, which is not mailed as part of the magazine, is $1.00 to $1.50 per piece; for telephone, $2.50 to $3.00 per call.

Fahy also points out that wraparound covers can simplify requalification efforts. "A lot of publishers, particularly of controlled circulation magazines, are doing all their requalification efforts at one time. In the past, magazines had subscribers who came on in different months. If publishers wanted to requalify those subscribers on a controlled basis, they would start sending out letters in various months according to when the people came on the list. So the efforts on the direct mail basis have been on a staggered level.

"But with this method," Fahy continues, "they can instead simply tell the fulfillment house to generate labels in one lot for all of those people who would normally come due for requalification in a six-month period, and then provide a wraparound cover for all those magazines that represent all of those labels. It's a very easy technique."

Because of their higher impact and lower cost, Fahy suggested, wraparound covers may be used as a contin-

# "LATE AGAIN?"

**"Who was it this time? The printer . . . the envelope guy . . . the mailing house?"**

**"Next time . . . you VALCO it!"**

*Call Harvey Cohen at VALCO*

## *Printing-Mailing Envelopes*

**For your complete Direct Mail package call VALCO, then relax.**

**TESTING, CONTINUITIES, ROLLOUTS**

***EVERYTHING PRODUCED UNDER ONE ROOF***

**30 Years Of Dependable Service**

**VALCO**
**Reproduction & Mailing Service, Inc.**
**Hart Place • Brooklyn, N.Y. 11224**

**212-372-0100**

Big can be beautiful, as shown by some magazines' conversion to full-size (8½-inch by 11-inch) rate cards. Some, such as *Equinox* and *Harrowsmith*, add tabs for handy filing. *Scientific American* uses more traditional format.

with inside pockets.

This chauvinistic thought "never occurred" to Jane Whitney, national sales manager of PennWell's *Laser Focus Including Electro-Optics*, Littleton, Massachusetts.

Nevertheless, she also now uses the full-size rate card, and attributes its adoption to the fact that more and more information had to go into the card, resulting in more and more gatefolds.

Mason Fackert, group vice president at PennWell, volunteered that it was foolish to assume that a buyer would keep stuffing every salesperson's rate card into his inside jacket pocket. He also feels that full-size cards are more readable.

However, a spot check with C. John Kirby, advertising director of *Scientific American*, to see whether the switch to full-size cards constitutes a trend, elicited the response: "Hell, no; we just made ours smaller to fit in a wallet. We did make the type bigger, though."

## Coupon redemption doubled with inserts

*Clinton, Iowa*—If you are trying to demonstrate the power of your audience through an advertiser's coupon redemption, you should be aware that coupons on magazine inserts are redeemed at twice the rate of coupons printed on magazine pages.

Coupons on magazine inserts, which pop up from the binding at readers, have a higher redemption rate than coupons in newspapers, according to the A.C. Nielsen Company's 1984 report on "Coupon Distribution and Redemption Patterns."

The report, from the Nielsen Clearinghouse, also makes known for the first time the redemption levels of all manufacturers' cents-off coupons. It shows that American consumers last year cashed in a record 5.56 billion coupons, worth $1.69 billion, up 24 percent from 1982.

Coupons inserted in magazines, categorized as pop-ups by Nielsen, had a 5.1 percent redemption rate, whereas on-page magazine coupons had a 2.4 percent rate. In newspapers, by comparison, free-standing inserts in Sunday editions had a 4.3 percent redemption rate; on-page, 2.8 percent; and Sunday magazines, 2.4 percent. In other categories, direct mail coupons had a redemption rate of 8.9 percent; on-pack, 12.2 percent; and in-pack, 18.3 percent.

In total, 142.9 billion manufacturers' coupons were distributed last year, Nielsen reported.

## '83 corporate advertising in magazines remained at recession year level

*New York City*—Corporate advertising spending in magazines last year appeared to be almost holding its own with expenditures in 1982, a year that saw a decline of nearly 18 percent from the year before. Available figures show that companies spent, in their own behalf, $94.7 million in the first half of 1983 in consumer magazines and Sunday magazines (newspaper supplements), as compared with $212.9 million in all of 1982.

This information comes from *Public Relations Journal*'s 12th annual survey of corporate advertising spending in six media, including network TV, spot TV, radio and outdoor.

Last year, magazines more than held their own in spending by the 10 leading corporate advertisers, the survey shows. Those companies spent $34.2 million in the first half of 1983 and $64.3 million in all of 1982. Magazines accounted for more than one

## Ten leading corporate advertisers January-June 1983—In dollar (thousands) rank order

| | Six-media totals | Consumer magazines | Sunday magazines | Network TV | Spot TV | Radio | Outdoor |
|---|---|---|---|---|---|---|---|
| Ford Motor Co. | $22,327.5 | $9,652.6 | — | $10,232.4 | $2,252.3 | $190.2 | — |
| American Telephone & Telegraph Co. | 20,384.9 | 7,104.8 | — | 13,279.7 | .4 | — | — |
| General Motors Corp. | 13,928.6 | 5,126.5 | — | 6,556.1 | 831.5 | 1,414.3 | $.2 |
| International Business Machines Corp. | 10,276.1 | 3,783.3 | $234.0 | 5,775.3 | 54.3 | 449.2 | — |
| E.I. Du Pont De Nemours & Co., Inc. | 4,737.7 | 21.3 | — | 4,715.7 | — | — | .7 |
| Pfizer, Inc. | 4,199.6 | 891.4 | — | 2,989.7 | 134.1 | 184.4 | — |
| Chrysler Corp. | 3,979.6 | 3,979.6 | — | — | — | — | — |
| GTE Corp. | 3,976.9 | 1,826.0 | — | 2,130.4 | 20.5 | — | — |
| Amerco, Inc. | 3,971.0 | — | — | 3,971.0 | — | — | — |
| International Telephone & Telegraph Co. | 3,360.0 | 1,581.7 | — | 1,778.3 | — | — | — |
| Totals | $91,141.9 | $33,967.2 | $234.0 | $51,408.6 | $3,293.1 | $2,238.1 | $.9 |

Reprinted from *Public Relations Journal*

third of the top 10's spending in all six media in the period, with automotive companies (Ford, General Motors and Chrysler) accounting for more than half of magazines' totals.

*Public Relations Journal*'s tracking of corporate advertising in all six media shows that total corporate spending increased from 1976 to 1980, then eased a bit in 1981, and declined 4.5 percent in 1982. Trade association spending, meanwhile, rose steadily and registered an 18.6 percent increase in 1982.

## Book displays best ads of 1983

*The One Show: Judged To Be Advertising's Best in Print, Radio, TV*, Volume 5, has been published by American Showcase, Inc.

The One Club for Art and Copy, a New York City-based organization of advertising art directors and copywriters, holds a contest every May to select the best advertisements of the year. Volume 5 displays the best ads of 1983. Ads are arranged according to categories, including the club's Gold- and Silver-Award winners, print finalists (in consumer newspaper, consumer magazine, trade, outdoor, public service and corporate categories), radio finalists and television finalists. Volumes 4 and 5 of *The One Show* annual can be ordered for $40 per volume, and volume 3 for $35, from American Showcase, Inc., 724 Fifth Avenue, New York, N.Y. 10019.

## Michigan rep offering full marketing services

*Richland, Mich.*—Bill Valentine is convinced that a lot of publishers who go to reps for help need help in more than just selling ads. So, he has formed Publishers Marketing Services, a sister company to his Valentine Reps firm, and has two new clients and a new assignment from a current one.

Under the umbrella of William R. Valentine, Inc., he is now offering the full spectrum of services in circulation, promotion, research and graphics to publishers of agricultural and trade magazines. His new clients are State Journal Group (an association of medical magazines) and United Kennel Club. He reps for *Solutions* (the publication of the Liquid Fertilizer Association), *Dairy, Modern Veterinary Practice, Western Livestock Journal* and *Gun Dog*.

## McGraw-Hill finds art in ads a step to sales

*New York City*—McGraw-Hill's Laboratory of Advertising Performance (LAP) has come up with some interesting numbers on how much an illustration increases readership in business-to-business ads during a five-step progression to a sale. Following are the steps and readership scores for ads with artwork compared with ads without artwork:

- Establishing contact—32 percent higher.
- Creating awareness—5 percent higher.
- Arousing interest—26 percent higher.
- Building preference—22 percent higher.
- Keeping customers sold—9 percent higher.

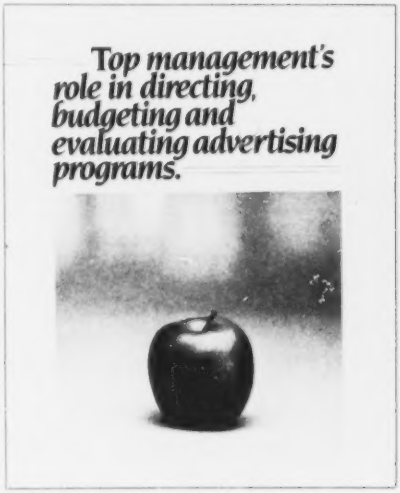
The study involved analysis of 3,406 ads, with 3,294 having some form of illustration and 112 having none. For copies of the LAP report (#3170.1), contact Lori Jersey, Marketing Communications, McGraw-Hill Publications Company, 1221 Avenue of the Americas, New York, N.Y. 10020. 212-512-4479.

## ABP is countering lack of industry ad savvy with campaign and book

*New York City*—The American Business Press (ABP) surveyed 427 corporate executives and found that only one out of 10 believed that business-to-business advertising was working well for his company.

Well, ABP is doing something about that situation: It has launched a two-year promotion campaign to inform top management of the need to be involved in advertising planning and measurement. Nearly half the respondents said they used no measurement tools to monitor advertising effectiveness.

At the heart of the campaign is a handsome, 32-page, four-color booklet, entitled "Top management's role in di-




Attention-getter: ABP found a serious lack of understanding of business advertising by top management, so it developed this 32-page booklet to explain advertising's function.